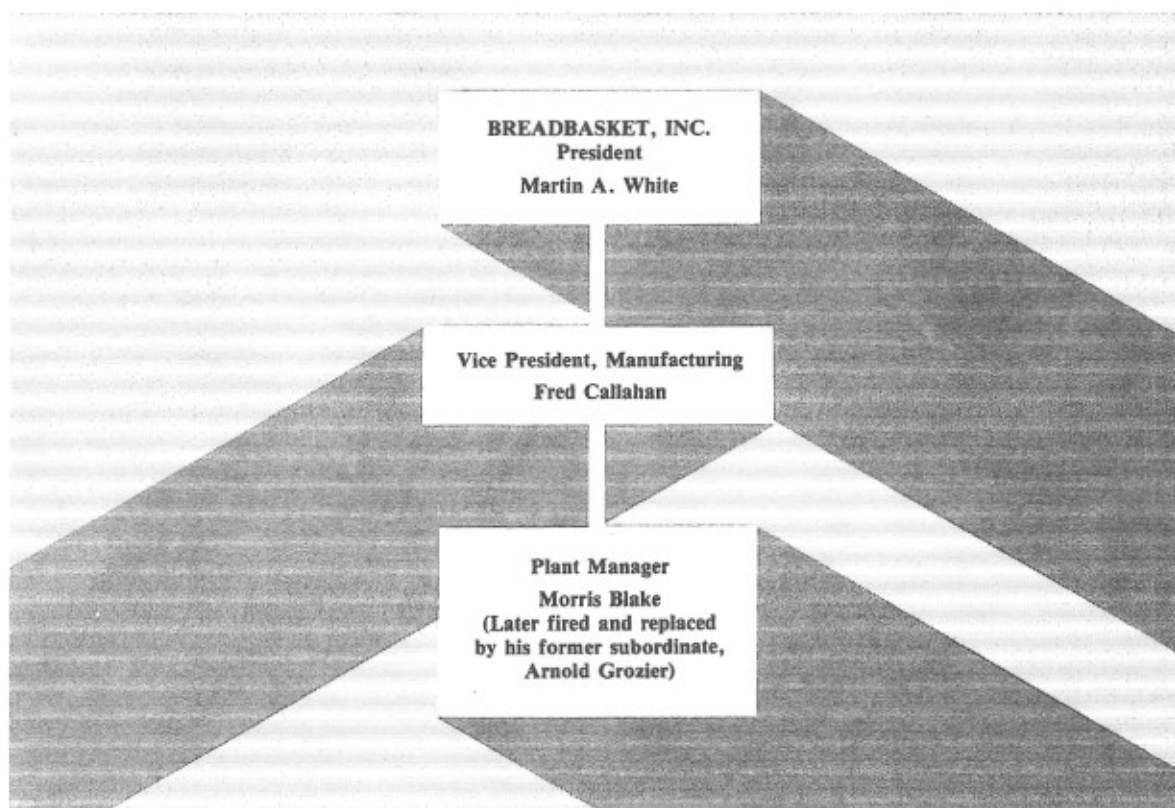


THE NEW FACTORY



Breadbasket, Inc., a food-processing company, had a number of small, widely separated plants, mostly in rural areas. As the company grew, some executives felt that it would be more efficient, in the long run, to gradually replace these plants with a smaller number of larger plants located closer to its major markets, which were in the big metropolitan areas. The opposing view was that the company knew how to manage small plants and did not really know if it could handle larger ones as effectively.

able; the essence of them was to "Get this ____ plant going in two weeks and don't give me any more ____ excuses."

Grozier had been generally aware of his predecessor's concerns, although he had been largely involved with the processing equipment and lacked a detailed knowledge of the other aspects of plant operations. Nonetheless, he was ambitious and recognized that he had a golden opportunity to distinguish himself. So he set to work with the full intention of carrying out Callahan's order. However, the more he learned about the problems he had not previously concentrated on—especially transportation, training of new employees, and relations with labor unions—the more he began to feel that the plant was not ready to operate at more than a fraction of its rated potential.

His doubts deepened after he was finally able to speak to Blake, even allowing for some exaggeration on the latter's part. Shortly afterward, his personnel manager advised him that they were having trouble keeping the plant adequately manned, due to rising absenteeism and the fact that some new employees simply failed to show up after the first few days. The personnel manager, who came from a plant in a rural area where such problems were almost nonexistent, was somewhat at a loss to explain the problem or to suggest what might be done to alleviate it.

At this point, Grozier felt he had to give Callahan his appraisal of the situation. He telephoned him and said that if the plant started on schedule, it would be unrealistic to expect it to meet more than 50 percent of its planned starting production rates for several weeks. He did not suggest that the starting date be postponed, although Callahan quickly accused him of trying to manipulate him into agreeing to that. Grozier, feeling that Callahan was overwrought, tried to change the subject by turning his attention to the problems of absenteeism and turnover. But Callahan, fearing that Grozier was becoming afflicted with the same tendency to accentuate the negative that was, in his view, the principal handicap of his predecessor, would have none of it. "Get this straight," he interjected. "I don't want to hear about any more problems! I only want to hear about solutions!" After a moment's hesitation, Grozier murmured his agreement and hung up the phone.

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During this period Grozier volunteered no information to Callahan, filing only routine reports. When these reports began to indicate serious shortfalls in production, Grozier commented only that "appropriate action is being taken to correct this." In actual practice, "appropriate action" meant more sleepless nights for Grozier and his staff. Increasingly they operated the equipment themselves to fill in for absent or ill-trained workers. Two of the managers became ill, and one had to be hospitalized. Finally, a surprise audit by the company's accounting firm revealed the seriousness of the situation. When this was reported to Martin A. White, the company's president, he promptly paid a personal visit to the plant, together with Callahan. To Callahan's intense chagrin, White demanded a severe cutback of production and a complete review of the production plans. Callahan was not only the most disappointed executive in the company, but also, ironically, the most surprised. For three months he had been convinced that the plant was going to fulfill his expectations because Grozier, true to his word, had not been telling him about its problems.